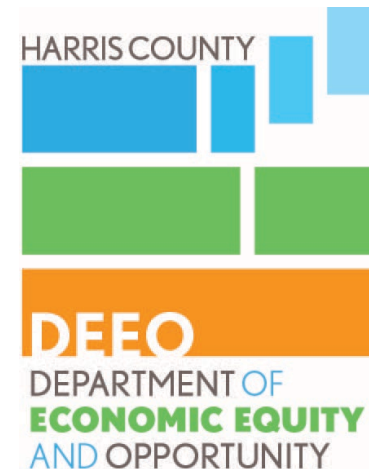


# M/WBE Utilization SFY22 Annual Report Part II

*Transmitted to Commissioners Court on February 21, 2023*

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Jack Thomas Director, Inclusive Procurements



# ABOUT THIS REPORT

This report is the County's third M/WBE Utilization report (Part II) that covers payments made to Minority- and Women-owned Business Enterprises (M/WBE) prime contractors by Harris County for contracts awarded between the inception of the M/WBE program (June 2021) and the end of the Short Fiscal Year (September 2022). Payments to contracts awarded before the reporting period are not included. This report serves as a benchmarking and monitoring tool in assessing M/WBE payment and identifying areas for greater inclusion.

This report is divided into three sections:

- I. Preliminary Observations
- II. M/WBE Utilization in Payments (June 2021 – September 2022)
- III. Appendix
  - I. Methodology

# Preliminary Observations

- The percentage of payments made to M/WBE prime contractors almost tripled from 9% pre-program implementation to 26.7% during the Short Fiscal Year 22 (March – September 2022)
- Because payments lag awards made, especially for multiyear contracts (renewals) the payment breakouts will change over time
- Future payment reports will be more robust as data limitations are addressed in the mid- and long-term
- We have not found other organizations that publish payment data

# M/WBE Utilization in Payments

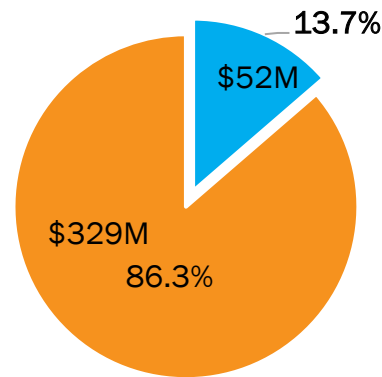
(June 2021 - September 2022)

# M/WBE Prime Contract Payments

*June 2021 – September 2022*

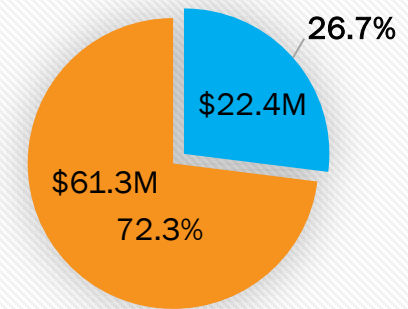
## Total Prime Contract Payments

June 2021 - September 2022  
Total: \$381M



■ M/WBEs ■ Not M/WBE

March - September 2022  
(SFY 2022)  
Total: \$83.7M



Overall, 13.7% of the \$380,607,828 prime contract payments, or \$52M went to M/WBEs for contracts awarded between June 1, 2021 and September 30, 2022. The data includes payments against 4,235 contract purchase orders.

Analysis also shows that 26.7% of prime contract payments were made to M/WBEs for contracts awarded during SFY 2022; this is double the M/WBE payment participation rate for the full reporting period of June 2021 to September 2022.

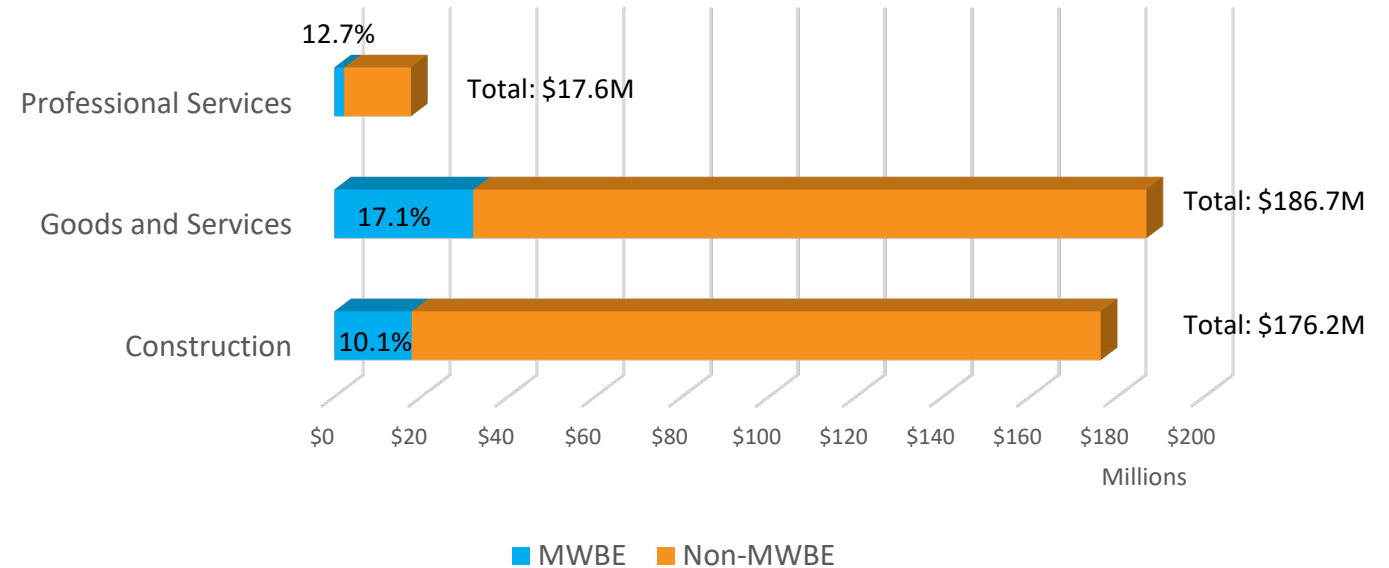
The 2020 Disparity Study estimated that 9% of contract dollars spent by Harris County went to Minority- and Woman-owned businesses between FY2016 and the first quarter of FY2019.

# M/WBE Prime Contract Payments by Contract Type

*June 2021 – September 2022*

**Total Prime Contract Payments: \$381M**

June 2021 - September 2022

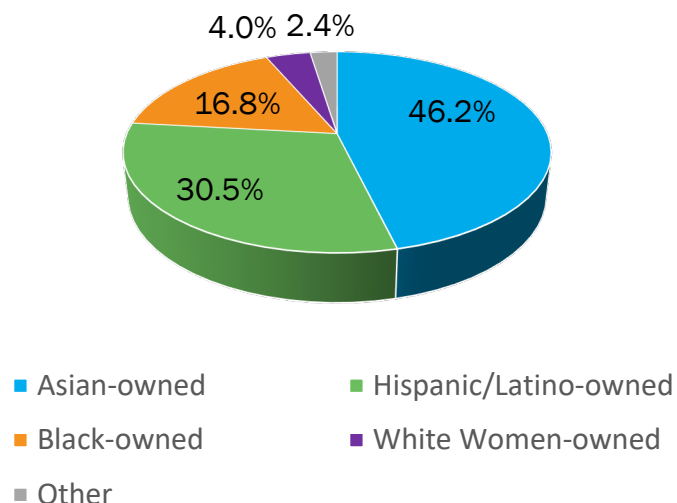


More than 17% of prime contract payments for Goods and Services contracts (\$31.9M) were made to certified M/WBE prime contractors. About 10% of prime contract payments for Construction contracts (\$17.8M) were paid to M/WBE prime contractors for Construction contracts. And over \$2.2M or 12.7% of payments for Professional Services contracts were made to M/WBE prime contractors.

# M/WBE Prime Contract Payments by Category

## M/WBE Prime Contract Payment Total: \$52M

June 2021 - September 2022



Category	Total Payment	Percent
Asian-owned	\$24,029,490	46.2%
Hispanic-owned	\$15,867,749	30.5%
Black-owned	\$8,736,581	16.8%
White Woman-owned	\$2,077,303	4.0%
Other	\$1,263,817	2.4%
<b>Total M/WBEs</b>	<b>\$51,974,940</b>	<b>100%</b>

Asian-owned firms received almost half of the prime contract payments to M/WBEs (46.2%) since program implementation.

# Questions?

Program Webpage

<https://deeo.harriscountytexas.gov/Inclusive-Procurements/Vendor-Diversity>

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# Appendix

## Methodology

# METHODOLOGY FOR PAYMENT REPORT

- This report provides a review of payments to prime vendors of the contracts that are: a) valued at \$50,000 or more, b) awarded between June 2021 to September 2022, and c) available in the PeopleSoft financial management system. It provides insight to actual payments made to M/WBEs awarded contracts during the reporting period.
  - Payments to contracts *not* recorded in PeopleSoft (i.e., missing contract record) are not included in this analysis;
  - Universal Services provided, via a query from the PeopleSoft system, payment data for contracts identified by the DEEO team;
  - Certification, race, and gender information were verified from the certification directory in the B2GNow vendor diversity management system. This was manually matched to vendors with identical or nearly identical names from PeopleSoft, as vendor records (including name) from the two systems may vary.
  - This report does not include payments to subcontractors.
- Contracts were analyzed in three categories: (1) Goods and Services, (2) Construction, and (3) Professional Services.
- For the purposes of this report, M/WBEs are counted as defined by the M/WBE Policy and the approved M/WBE utilization plan.
- Payment data provided for this report were not assigned to the user department seeking the procurement.

# METHODOLOGY CHALLENGES

As result of the current status of the data infrastructure of Harris County, the DEEO experiences the following non-comprehensive list of challenges during the production of the periodic M/WBE Utilization Reports. The challenges listed below exist *in addition* to the challenges identified in the awards report of January 31, 2023.

## *Using B2GNow for the Payments Analysis*

- During the initial integration from PeopleSoft to B2GNow, all payments dating before February 2022 were rolled into one lump sum. This decision was made to avoid the B2GNow system automatically sending an inordinate number of compliance requests to present and past vendors about historical contracts, a large majority of which are completed/closed. These automatic communications are a prized feature of the B2GNow platform, critical for the compliance efforts of the Inclusive Procurements team. However, the lump sum payment upload removed DEEO's ability to use B2GNow to report on payments during June 2021 to February 2022, DEEO would have to resort to a PeopleSoft query which poses its own limitations.

## *Including Payments for Professional Services Agreements*

- Payments for Professional Services agreements handled by individual departments are made against purchase orders not associated with contracts recorded in PeopleSoft. Therefore, DEEO is unable to *efficiently* tie a payment record to a specific professional service agreement, a necessary step to verify if the \$50,000 award cut-off threshold is met. As a result of this hurdle, payments for professional services agreements handled by HCED, HCFCD, and HCTRA were not included in the analysis.

# METHODOLOGY CHALLENGES

## *Including Payments to Subcontractors*

- The recording and validating of payments to subcontractors requires active participation from prime vendors. As such, this report faces three challenges as it relates to subcontractor data:
  - 1) As a result of the initial integration between PeopleSoft and B2GNow, payments pre-February 2022 were rolled into one lump sum, which created difficulties for prime vendors to report their subcontractor payments for contracts active before that date;
  - 2) Professional services agreements are not recorded into PeopleSoft, and thus, are not integrated with B2GNow. Thus, prime vendors are unable to report their subcontractor payments for the contracts whose records are not transferred over to B2GNow;
  - 3) As the M/WBE program ramps up its compliance operations from its start in June 2021, the subcontractor payment data becomes more complete and accurate over time. Since this report's time period starts at program inception, the availability of subcontractor payment data does not meet DEEO's Quality Assurance/Quality Control standards for the entire period and thus, was excluded altogether so not to skew the analysis.

# AREAS FOR INVESTIGATION

As discussed during DEEO's presentation on M/WBE contract awards on January 31, 2023, Universal Services in assisting with an interim data solution while the long-term solution proposed as part of the Procure2Pay initiative is implemented.

## Areas to investigate:

- How and who will enter all required contract information into PeopleSoft?
- Can Legistar data be integrated into the process?
- Will PeopleSoft require additional coding to provide/accept all data needed for M/WBE reporting?
- Will additional resources be needed in the impacted departments to ensure the process changes and data entry can be implemented expeditiously?

## Information required to be captured in data system(s):

- Payment information, uniquely identifiable vendor name
- Professional Services contracts with uniquely identifiable contract number
- Department Information and Contract Types